Understanding Society, Insights podcast
Episode One: Inequality in the UK

Catherine McDonald 0:07
Hello, and welcome to Insights - a podcast from Understanding Society. A study that captures life in the UK in the 21st century. Understanding Society is a longitudinal survey. Every year we ask each member of thousands of the same households across the UK about different aspects of their life. In each episode of this series, we're exploring how our data has been used in a key area. We'll look at what we found, what it tells us and what we can learn from it. I'm your host, Catherine McDonald, and in this episode, we're looking at two particular factors in the debate around long term inequalities, the labour market and government spending. Here to discuss this are Jeevun Sandher, an economist from King's College London, Xiaowei Xu, Senior Research Economist at the Institute for Fiscal Studies. And Mike Brewer, Deputy Chief Executive and Chief Economist at the Resolution Foundation. So Xiaowei if I could start the conversation with you and focus on the long-term inequalities across the labour market within the UK, just how geographically unequal is the UK in terms of employment in pay?

Xiaowei Xu 1:18
The UK is quite unequal in terms of labour market outcomes, both unemployment and pay. So to give some examples, in 2019, the average hourly wage in London was about £20 an hour, whereas in Scarborough, and places like Grimsby, it was only £13 an hour. You also have large differences in employment rates. So for example, around 90% of working age, people in Harrogate, were in work in 2019, compared to just two thirds in Skegness and Louth, these differences are really persistent over time. So we've seen some convergence in both employment rates and pay over the past twenty years. But overall, the ranking of places today is very similar to twenty years ago, the extent of geographical inequalities, of course, depends on the measure you use. So we have huge inequalities in productivity across places, less so in wages, less still in incomes, you know, after you take taxes and benefits into account. And especially, you know, if you take housing costs into account, because high paying places like London also tend to have very high housing costs.

Catherine McDonald 2:20
And that brings me on actually, it's important to note, isn't it that in those top earning areas that you just mentioned, not everyone is earning that top rate? That's an important factor here, isn't it?

Xiaowei Xu 2:31

Yeah, it's absolutely important. There is absolutely is much more variation pay within places than there is between places. And in fact, the differences in average pay that I talked about are very much driven by differences at the top. So at the bottom of the distribution, and say that the bottom 10% of earners are paid pretty much the same across all places around eight to nine pounds an hour. And that's partly because we have quite high minimum wage in this country. Whereas at the top of the distribution, you see huge variation to someone at the 90th percentile of wages in London is paid nearly double someone at the 90th percentile wages in Scarborough. Now, the fact that we have low pay at the bottom, combined with high housing costs, means that in high paid places like London, we actually see quite high poverty rates.

Catherine McDonald 3:19
And obviously, in those higher earning areas, the wage inequality is larger. So what does that actually do to, you know, specifically to the living standards of those at the lower end of the wage distribution.

Xiaowei Xu 3:33
So that does mean that poverty rates are higher in places like London, they don't benefit from, you know, the very high wages that you see further up the distribution of London, but they do have to pay high housing costs. That said, of course, the tax and benefit system does smooth things out. So you would have lots of those people, housing benefits offsetting some of those high housing costs. But overall, I think up until quite recently, London was the region with the highest poverty rates in the UK despite having the highest average wages.

Catherine McDonald 4:01
And what makes a high paid area and what makes a low paid area?

Xiaowei Xu 4:06
So I think there's a superficial answer to that question, and then there's more complex answer. So the superficial answer would be that, you know, these differences in pay are largely explained by differences in skills. So just statistically speaking, if we decompose the differences in average wages across places, we find that between 60 and 90% of the differences in wages between places can be explained by differences in skills. So skilled people who would command high wages, wherever they live, are concentrated in certain areas, and that makes these areas better paid. The more complex answer, of course, would have to address why skilled people are concentrated in certain places. And that's, you know, much more complicated, right. So is it about the education system? Is it about incentives to invest in education? Is it about selective migration? And you know, if migration plays a big role then why are people migrating, why are skilled people choosing where to live? For work? For the amenities? These places offer? Or for something else? I don't think we have a very clear answer to that. We've got parts of the picture. So we do know that there are huge differences in educational attainment across places. To take a big example fewer than one in five kids who grew up in Grimsby go on to get a degree, compared to about one in three kids who grew up in London and nearly half the kids in wealthy suburbs like High Wycombe. So there are big differences in, let's say, the production of education across places. And these differences are then further compounded by migration patterns. So in the data, we see people moving from places that offer lower wages for a given type of individual to

places offering high wages, to places offering higher wage premiums, if you will. Which I think suggests that part of this does have to do with people moving in search of better jobs. And of course, this is also a self-reinforcing phenomenon in that, you know, skilled people move to where the jobs are. But then firms will locate where skilled people are, which creates a sort of a cycle of agglomeration, which makes sure graphical inequalities self-reinforcing, and I think, you know, explains the persistence of geographical inequalities that we see here.

Catherine McDonald 6:13
And again, something you touched on in your previous answer this issue of brain drain where people will leave their hometown due to lack of opportunity, or lack of well-paid work, and go and take their skills elsewhere. Can we explore that issue a bit more and what we need to do about that?

Xiaowei Xu 6:31
So that's definitely something that you see in the UK, as you know, exacerbating the differences in skills that you see across places. Lots of kids do go on to become graduates in relatively low paying places and leave those places in favour of more high paying places like London. I think quite an interesting question that we don't really have the answer to yet, is why these people are moving right? Or they're moving only for work, or, you know, to what extent are amenities important? And to what extent are they moving to cities because cities are fun for young people? And you do you see that, whilst there's a very strong positive relationship between the wage premium a local economy pays and the net migration to that local area. There's also a rural-urban dimension. So in general, rural places tend to lose graduates whereas cities gain graduates. And there's a couple of outliers like Leeds and Bristol that gain lots of graduates, despite not paying very high wages, which suggests that amenities has a role to play because these are places that are cool, right? Young people want to live in these places. So I think, yeah, there's more we can do to understand why people are choosing where to live, what types of amenities, what types of local characteristics are important for skilled people?

Catherine McDonald 7:47
And so what does your research tell you about what we can do to level up these inequalities and increase social mobility? What should we be doing?

Xiaowei Xu 7:56
I think, because so much of the labour market, and inequalities that we see have to do with differences in skills. Any attempt to level up local labour markets has to involve levelling up skills. But I think because migration is important, you really need to think about the interaction between skills and jobs as well. Because if you just improve skills in an area without providing jobs for those skilled people to go on to, then they'll simply leave to somewhere else. Whereas you know, if you just focus on job creation, without improving the skills of local population, then you could have skilled people from elsewhere, moving in driving up house prices, and not necessarily benefiting local residents. So I think that really points to focusing on both skills creation and jobs creation, and perhaps targeting a few places where you can get these forces of deprivation going.

Catherine McDonald 8:48
Absolutely. So those two things have to work hand in hand. Mike, can I bring you in here? How would you react to what Xiaowei has said?

Mike Brewer 8:55
Well, I wanted to go back to one of the things Xiaowei said earlier, which was when she pointed out that London, of course, is the highest paying most productive part of the country, but also has the highest housing costs, and so the highest poverty. And to me, that says that if going to make a success of levelling up, that means that we need to make cities like Manchester and Edinburgh in Leeds more productive, higher paying, that's going to attract workers to those places. So it's gonna be more demand for housing, it's going to be that people in those areas can afford to spend more on housing. And if we're not careful, we don't also think about the housing market at the same time, the consequence is, as Xiaowei was intimating that house prices will go up, rents will go up, and this could end up being bad for low paid workers in these areas being levelling up. So we've got two challenges like how to raise the average productivity, the average wage of the areas which left behind, but also how to make that happen in an inclusive way. That benefits the low paid people in these areas that want to level up.

Catherine McDonald 9:50
Absolutely such a complex picture, Jeevun if I could come to you now your research has looked at something slightly different. It's looked at patterns of government spending. What have you found in terms of what people and areas tend to be prioritised in that?

Jeevun Sandher 10:06
Yeah, the short answer is if you vote for the government, if you're important to them, they will give you money. So if you look at what happened after Conservatives came to power in 2010, who they give money to? They gave money to pensioners do things like the triple lock, and they continue to do so. And high-income non-pensioners because those are the groups that are most likely to vote Conservative. And actually, when you start to vote Conservative, they start to give you more money. And that's like a key driver, then of inequality and also a poverty because actually, whereas for example New Labour had low incomes non-pensioners, particularly parents vote for them, that meant that child poverty went down. But the Conservatives had very relatively few of those people voted for them, actually just started to cut social security payments, right. It's one of the reasons why, the main reason why we have such a child hunger crisis in this country - 2.6 million kids going hungry, because fundamentally, Conservatives didn't feel they had an electoral incentive to support those particular individuals. In terms of places, I mean, what we start to see more is that, you know, we have some evidence that basically says that governments do allocate spending to constituencies that are more important to them. So it was really interesting earlier, Xiaowei say we don't know exactly why we have these regional inequality, and I would entirely agree, like there is a broad picture there. There's another part, which is sometimes quite harder to tease out from, if you like, the numbers. But those estimates we do have show that like they do allocate spending towards areas more important than, and in particular, the UK is one of those politically centralised countries in the OECD. And that's also why we're one of the most geographically centralised countries in the OECD. It's because all of power is in Westminster, all of it is in Whitehall. You know, I used to work in

the Treasury, you know, the idea that what 400 civil servants working on policy can allocate a budget of about 600 billion pounds effectively in the interests of all people is absurd, and it doesn't work. And more kind of colloquially, like if you're in London, the one thing you'll notice this is quite easy to get from London to constituencies around the country, it's quite hard to get between constituencies and travel well, and in one sense, MPs travelling home, like they've got good transport links, but travelling between constituencies hasn't been a priority for them. So like key political factors that are driving both inequality between people as well as inequality between places.

Catherine McDonald 12:17
And again, I feel like I'm asking this question a lot today. What do we do about that? And I know it's not a short answer. But, you know, where do we start to tackle that?

Jeevun Sandher 12:25
I mean, for individuals obviously, go vote. One of the key reasons why, for example, low income, people in this country are underrepresented in Parliament, and even young people as well are because their voting rates are much lower. And therefore kind of, you know, on the kind of electoral incentive sides, a pound given to pensioners per person is more effective than a pound given to young people, because young people are voting less. So the first and most important thing is go and vote. The second thing really is about I mean, you can ask governments to invest more around the country, and that's great, and they should do. Those are much more important idea here, which is actually around political representation, as well as centralization, you know, devolution of power away from Whitehall would ensure that actually you're going to have more spending in the interests of regions more adequately, accounted for. And on top of that, of course, electoral reform, which means that actually people's votes are counted equally. And in particular, we're talking about London, how unequal it is the rest of the or how much more productive it is. That's also true. But it's also true to say that for graduates in London, their votes are consistently undercounted, which is why you see a key driver of the housing crisis, for example, is the fact that politically they're not represented. You know, ten of the safest seats in the country are all labour, eight of them in the major cities, there are about fourteen constituencies where under 30s make up more than 40% of the population, obviously, none of which is true for pensioners, but it's just very badly distributed. So actually, this is like a political question, right? It's a political question about both the reform of how much power is in Whitehall, as well as kind of ensuring that people do vote and that we do vote their votes are counted.

Catherine McDonald 14:01
And obviously, this isn't this whole sort of levelling up and inequality picture isn't just about economics, is it? Because how much you're earning, where you're living obviously affects everything about how you live your life. How does that manifest? So I'm talking about things to do with health and wellbeing. And I'm sort of say this, to all of you, throw this open to all of you, what have we seen about the effects of inequality?

Jeevun Sandher 14:27
I'd have to go first on that one. I mean, the main thing, of course, is that most of your health outcomes like 80% aren't really to do with how good your GP is, or how available your

hospitals are. It's about how your life is going. And if you're stressed out, because you can't pay the bills, that's going to affect your health. If you can't turn on the heating, that's going to affect your health. If you can't eat that's going to affect your health, as we've seen in the UK, in particular, as kind of life expectancy here has begun to stall. And also we see it kind of fall in the most deprived areas. That was before COVID. So the short answer is that inequality is killing those with low incomes, for those in deprived regions as well. It's left them alienated from, like the political system that we have, right, your inability to live a good life that was kind of their previous generations. So if you're in a Ford manufacturing area, you know, a previous generation went out, went to school, admittedly, mostly men had a good job and can support their families, the generation below them has had that kind of taken well just doesn't exist for them. And that has a further increase in terms of other impacts on their own attitudes towards both democracy and the political system. You know, Brexit, as well as Trump or both in one sense is the populist backlash is of what were economic forces, decline of industrial areas, the lack of levelling up in that idiom. And people said, actually, we don't want this system, we want something different. And it also drove what we saw were quite like a nativist attitude, basically, you know, when the world change has become threatening and quite bad to you, you tend to react against that and say, I don't want this anymore, I want something different. So that's what we've seen right into a much greater extent, especially United States, of course, less so here, that region equality is endangering democracy itself, because there is no reason to have a stake in the system when the system doesn't make you better off. And actually, you've seen yourself in your position, relatively, and now absolutely become worse.

Catherine McDonald 16:22
Xiaowei would you have anything to add to that?

Xiaowei Xu 16:25
So I think what Jeevun said about health inequalities is absolutely true. We have seen life expectancy start to stall for the first time in a very, very long time. And in some ways, it seems like we're going in the way of the states, which has seen stalling in fact, a fall of life expectancy, over a period of time. We've seen regional differences, local differences, and mortality rates rise to more inequality in mortality, as well as some other measures of economic well being. See, I do think that things are getting worse and a lot of dimensions, even if you know, we see a bit of a convergence in employment rates and wages. I think in terms of, you know, this narrative about the state of inequality, driving populism and nativist attitudes. I think that's true. But I would add a slight note of optimism there. I think, you know, absolutely. Brexit happened. And you know, many view it as a backlash against these forces of inequality. But actually, we've seen views towards migration improving over recent years. And actually, you know, I think the share of the population, I think migration is a good thing has now gone up to quite high levels historically. And you also see attitudes towards the role of the government and redistributing increasing over time. So people are increasingly seeing that inequality is a problem. And they would like to see higher levels of redistribution. So I think, you know, there has been a period of worsening living standards for lots of people in the UK. But people's attitudes have changed as a result of that. And we might see changes going forward.

Catherine McDonald 17:55

And, Mike, what would you add?

Mike Brewer 17:57
I agree with everything that Jeevun and Xiaowei have said, the extra problem, additional problem that inequality causes is that inequality begets more inequality. So it's very clear from research that the higher levels of inequality, now, the more you're going to reduce social mobility in the future. So in other words, the harder it is for somebody who grows up in a low income family, to make it themselves into a high paying job. On the other hand, it's conversely, if you have low levels of inequality, now, it's easier to make that jump. So some unfairness now, begets unfairness in the future. And this is not because of anything particularly relevant that wealthy people do. Everyone wants to make sure that children get the best start in life. But the more on unequal a society, that kind of the bigger the jump up to bigger the push up that well off families can do for their children. And so that tends to worsen social mobility in the future. So inequality, begets inequality in the future leads to more unfairness. And that will, that can lead to that cycle of political disengagement or slants towards populism that Jeevun was talking about.

Catherine McDonald 18:56
So staying with that idea of inequality, begetting more inequality. I'd like to sort of rewind Mike with you, and look at how we got to where we are. In your book - What do we Know? And What Should we do About Inequality? - you make the point that the UK became more unequal during the 1980s. Can you explain a bit about how that happened?

Mike Brewer 19:18
Yes, of course. And I think it's a really good time to look back at the 1980s given the discussions that have been going on this summer about wanting to unleash the supply side, reform the supply side of the economy so that growth could go up because that's exactly what Margaret Thatcher as prime minister did in the 1980s. So by supply side reforms, economists are talking about changing aspects the way the economy works, the way that businesses produce things in a way that supposedly enhances productivity enhances growth, and that did indeed happen in the 1980s. So the government deregulated many industries, particularly the city and finance but not just there. They privatised lots of industries that were state run handing them over to the private sector. The trade was liberalised and the power of trade unions was weakened. And all of these things together did indeed increase growth. But they did so in a very much inequality enhancing way. So across the decade, the fastest wage growth was seen by those at the top of the wage distribution. And it's really very, very striking just how much the income distribution the wage distribution was, was stretched out over that period, not just for top racing away, although that did happen. It was the top of racing away, but the middle were racing away from the bottom. And if you were at the bottom of the distribution, broadly dependent on benefits, while they were just going up and up with prices, and so you weren't keeping up with people at the middle, or people at the top?

Catherine McDonald 20:33
And was that a new thing for the UK? So if we look from the sort of post-war period up to the 70s, things were more equal then is that right?

Mike Brewer 20:43
Yes, absolutely. So through the 60s and 70s, the UK was a fairly equal society. And then we had a dramatic transformation in the 1980s, where the UK leapt up the international league table for inequality if you like. Now, other countries were also becoming more unequal in the 1980s. Some of it was due to global pressures, trend towards globalisation was making other countries unequal, but nothing like as much as the UK. And if we just look at particular measures of inequality, the extent to which they rose in the 1980s in the UK, a far more than the UK has seen before or since, and far more than any other country has seen in such a short period of time. So it was absolutely dramatic. And yeah, that's undoubtedly has had profound implications on society and our economy ever since.

Catherine McDonald 21:27
And moving forward them, we then obviously had the financial crash of 2008. And then a period of government austerity later on, how did they affect inequality?

Mike Brewer 21:37
Well, the effects on income inequality from the financial crisis itself was fairly small. So at the beginning of the financial crisis of 2008 to 2010, that's when our economy was shrinking slightly, we were in recession. And in that period of time, the income distribution was compressed, so we got more equal. And that's what usually happens in recessions. So people in work lose their jobs or don't get paid as much. So they're falling down the income distribution. But those on benefits are usually protected. The social security system does indeed kick in to support those at the bottom. And so you get a compression, a reduction in income inequality. But then we moved into the early 2010s, as the economy started growing, and the government implemented austerity, including welfare cuts, then we had an inequality enhancing few years. So if you were in work, your earnings were growing, if you were on benefits, they were frozen, inequality went up.

Catherine McDonald 22:27
And what did that do to wealth?

Mike Brewer 22:30
Yeah, so income inequality may not have changed. Well, indeed it hasn't changed very much over the last two decades. But what has changed enormously is the distribution of wealth. And what's aware what we've seen, what we've seen over, I guess, over sort of 30 years or so is a really large change in the importance of household wealth in the economy. So I'll just do one fact. So in 1990, the amount of wealth owned by households was about three and a half times as much as the annual income of the country. Right now, it's seven times as much as the annual income of the country. So there has been a huge increase in the amount of wealth owned by households. And that was going on before the financial crisis. But the financial crisis accelerated this, because in the financial crisis, what we saw was interest rates fell, central banks were pumping money into the economy. This was fantastic news, if you already owned wealth, or you own capital, it was less good news, if you didn't. And so although this trend started before the financial crisis, the financial crisis turbocharged it by giving large gains to those who already held wealth. So the amount of wealth has just gone up, just continuously rising compared to the amount of income in the country. And that's just making the gaps between those who don't have wealth. And those do, they're just

getting larger and larger and larger. So if I do another fact, we take the decade from mid 2000s, to the mid 2010s, somebody in about the middle of the wealth distribution, would have seen their wealth go up by about two thirds of the amount of a typical full time salary. If you wanted to maintain your position, all you had to do was save two thirds of typical annual full-time salary if you're in the middle of a distribution. But if you're at the top and the top 10th, in the top 10% of wealth distribution, your wealth went up by nine times as much as the typical full-time earnings over that 10-year period. So we've just got this acceleration of top wealth, which means it's basically impossible to save your way up the wealth distribution. And the only way you become wealthy is by being wealthy to start with.

Catherine McDonald 24:28
And just for clarity, how are we defining wealth? How are you defining wealth?

Mike Brewer 24:33
Yeah so by wealth, I'm thinking about all the kinds of wealth that households might own. And there are three main bits: that's your housing wealth, your pension wealth, and then your financial wealth - the money you have in the bank, or stocks and shares that you own.

Catherine McDonald 24:45
Great, thank you.

Xiaowei Xu 24:47
If I could just make a point about what Mike was saying about income inequality after the financial crash. So I think whilst it's true that overall measures of income inequality hadn't changed over that period. We have seen a stagnation in overall poverty rates. And indeed, you know, over the last several years, we've seen an increase in relative child poverty rates, which is very unusual historically. So I think whilst you know, not much has gone on overall, in terms of the income distribution, the share of people on low living standards has been changing. And I think, you know, specifically looking at this rise in relative child poverty rates, we can sort of tie that directly to the policies introduced over the austerity years. So there's been a huge increase in child poverty rates among children in large families, so children of families with two or more siblings, and that's because these families are more dependent on benefits, which have been cut over their austerity period. And they've been specifically affected by certain policies that hit larger families harder things like the benefit cap, which cap the overall amount of benefits that you could receive, and things like the two child limit, which capped benefits beyond the second child. So yeah, I think whilst you know, we haven't seen much in the effects of austerity is on the measures like the Gini Coefficient, there have been impacts on income poverty, and on incomes beyond you know, what we've seen happen to wealth.

Jeevun Sandher 26:12
Yeah, I'd also, to come in on that, I also agree. So to some extent, we talk about inequality, we talk about specific numbers, but in one sense, there's no single number or statistic that's going to describe the differences between people, because it's kind of too much to basically get inside a single number. So it can both be true that inequality isn't really rising, because there isn't that much difference between people in the middle is not growing, but when those the bottom are falling into destitution, we see that very much that inequality we care

about. And similarly, very recently, we've seen kind of the top 1% or point 1% really pull away. So after COVID, we saw the average billionaire saw an increase in wealth about 600 million. It's, you know, huge increases for those to top. But in ways that often just you don't see in the numbers, and yet we're aware something's gone quite wrong. And I suppose more broadly, as well, to pick up on some of the wealth points earlier were also kind of stuck somewhat in this kind of paradigm, where we talk about incomes as being the most important thing, because after kind of 1945, when the economy was growing, people's incomes were growing. And that's what we've seen right growth in incomes are what's important, it's what's reported in the news, it's what we see every single month. And yet actually, the real story kind of political economy of this country has been the growing rising importance of housing and asset wealth. So the 20 years before the pandemic, we saw wages only grow by 20%, house prices up by over 100%. The house price has increased further since then. And so you know, how well you're doing what we think about as being kind of middle class, as it were, is less about how much you're earning, really. And it's more about how much you owe, right? The middle-class person, the swing vote in this country is a homeowner with a mortgage. It's one of the reasons why the recent rise in interest rates is so damaging politically for Liz Truss. And of course, you know, how do you get on the housing ladder? How do you get wealth? Well, a lot of that has to do with how rich your parents are, both because they're going to give you more things, but also, because you're more likely to go to university and get a good job and be able to get on the housing ladder. So that part of the story, I think, is something we kind of know about, but don't talk about enough. And part of that is just to do with kind of historical artefacts. And part of that is just due to a data issue in that it's just a bit harder to measure those things. But it is something we should be kind of talking about and examining more than we have done I think. I think we're all kind of guilty of that, well I am certainly.

Catherine McDonald 28:29
So it's very clear that this is a hugely complex picture with so many circumstances and factors feeding into it. We could talk about it all day, we haven't got all day. So I want to sort of round up now and ask all of you, what main priorities the government should tackle right now. So just in terms of addressing these long-term inequalities, what should the main priorities be in terms of action points for a UK government today? Mike, can I come to you first on that, please?

Mike Brewer 29:04
It is quite hard to think about what this government might do to address inequality. Because it said some things over the summer and the autumn that basically imply it doesn't care about inequality. So what I would most urge it to do then is not lose the levelling up agenda. Because this was very important to the Conservative government when it was elected in 2019. They attributed part of their political success to their new appeal to those parts of the country that may not, the less, the less well off than London and the southeast. So it seemed to make sense for them politically, as well as being good for the country economically. And so I suppose perhaps I'm appealing their political self-interest. That they keep focusing on the levelling up agenda to do what they can to reduce regional inequalities. I think that's probably the most we can hope out of this current government.

Catherine McDonald 29:48

Jeevun, what would you say to that?

Jeevun Sandher 29:51
The first and most important thing will always be to increase at this point in time social security payments. You know, we should remember that they're an incredibly low level, both historically and quite compared to our partners in the world, other high-income nations, so increase those social security payments like end the hunger crisis, right? Like we didn't have food banks in 2010, we now have over two and a half million food parcels being handed out just by the Trussell Trust, that's not including other food banks as well. More broadly than that planning reform - planning reform to ensure that actually, we are building more houses where we need them, but also doing so in a way that is sensitive to the needs of local residents. So at the moment, we do see planning reforms, where you know, developers get to plunk down loads of houses, sometimes 1000s in areas they haven't been before, but just without the, what they call the local transport plans - the infrastructure required to it and understandably, people become very hostile then to new housing developments. And so there has to be a way to kind of bridge the two, given how important those things are. And finally, of course, you know, we talk a lot about skills, etc. And I would agree with that, as well, you know, we need to have investment in skills, particularly in early childcare, you know, to give kids the best chance they have, at the moment, we have a situation where, you know, you've seen these divides, and actually like, if you're, you know, in this nice kind of middle class family, parents read to you, read to you when you go to bed, and life is great. If you're on the other side of that where your parents are struggling, it's very difficult to have the mental space to do those things. And so those are kind of a really key area that, you know, I'd like to see, and fingers crossed, we'll move in that direction.

Xiaowei Xu 31:24
Yeah, I agree with both Mike and Jeevun on the levelling up agenda being really important. And it's it's important economically in terms of fairness, but also, it is part of the political mandate on which they were elected. So I think it's really important that they carry that on. I think, as Mike said, I think it's quite worrying that this government has almost explicitly said that they don't care about inequality, and that they prioritise growth rather than worrying too much about redistribution. Although I think it's worth noting that, you know, addressing certain inequalities could be important for growth in itself. So since COVID started, we've seen this rise in inactivity among older workers, which is obviously something that's hampering growth, limiting the growth potential that we have contributing to labour shortages. And we see that a big part of that rising inactivity is due to an increase in long-term sickness among the population. So certainly, things like addressing health inequalities could be important to actually just boosting growth. I think skills is a similar thing. It's obviously huge loss of talent for kids from less privileged backgrounds not getting the skills they need to contribute properly to the economy. And that's the place we've also seen divides widening since COVID. Right, with kids from less privileged backgrounds falling further behind over the pandemic. And actually, I'm doing much of the progress towards closing socio-economic divides that we've seen in the years leading up to the pandemic. So I think, yeah, addressing skills, addressing health inequalities will be very important going forward.

Catherine McDonald 32:54

My thanks to Jeevun Sandher, Xiaowei Xu and Mike Brewer. You can find out more about how the data from Understanding Society is changing practice and informing policy by visiting the website understandingsociety.ac.uk. This was a Research Podcast production. Thank you for listening. And remember to subscribe wherever you receive your podcasts.